

TOWNSHIP OF WELLS
Tuscola County, Michigan
Annual Financial Statements
and Auditor's Report

March 31, 2004

TOWNSHIP BOARD

Supervisor	Melvin L. Witkovsky
Treasurer	Lorraine Hergenreder
Clerk	Karen Varney
Trustee	John Sokol
Trustee	Curt Diver

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WELLS TOWNSHIP	County TUSCOLA
Audit Date 3-31-04	Opinion Date JUNE 18, 2004	Date Accountant Report Submitted to State: JULY 6, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) ANDERSON, TUCKEY, BEANHARDT & DORAN, P.C.			
Street Address 715 E FRANK STREET		City CARD	State MI
Accountant Signature [Signature]		ZIP 48723	

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

June 18, 2004

REPORT OF INDEPENDENT AUDITORS

Members of the Township Board
Township of Wells
Tuscola County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Wells as of March 31, 2004 and for the year then ended. These general purpose financial statements are the responsibility of the Township of Wells management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Wells as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Township of Wells. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWNSHIP OF WELLS, TUSCOLA COUNTY
COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUP</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CURRENT TAX COLLECTION FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
<u>ASSETS</u>					
Cash	\$ 113,721	\$ 45,846	\$ 94,613		\$ 254,180
Certificate of Deposit-New Town Hall	71,126				71,126
Certificate of Deposit-Hurds Corner Road	77,618				77,618
Taxes Receivable	-		147,389		147,389
Due from other funds	50,660	79,342			130,002
Prepaid expenses	-				-
Road Millage Savings		75			75
Property, Plant & Equipment at cost				\$ 78,935	78,935
TOTAL ASSETS	<u>\$ 313,125</u>	<u>\$ 125,263</u>	<u>\$ 242,002</u>	<u>\$ 78,935</u>	<u>\$ 759,325</u>
<u>LIABILITIES & FUND EQUITY</u>					
Liabilities:					
Due to other funds			\$ 130,002		\$ 130,002
Due to other taxing units			112,000		112,000
Total Liabilities	-	-	242,002	-	242,002
Fund Balance:					
Reserved for New Town Hall	\$ 71,126				71,126
Reserved for Hurds Corner Road Project	77,618				77,618
Investment in General Fixed Assets				\$ 78,935	78,935
Undesignated	164,381	\$ 125,263			289,644
Total Fund Balance	313,125	125,263	-	78,935	517,323
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 313,125</u>	<u>\$ 125,263</u>	<u>\$ 242,002</u>	<u>\$ 78,935</u>	<u>\$ 759,325</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL (MEMORANDUM)</u>
REVENUES:			
Taxes	\$ 49,899	\$ 153,988	\$ 203,887
State Revenue Sharing	144,763		144,763
Cemetery Revenue	4,650		4,650
Interest	4,769	267	5,036
Fire Refunds	4,150		4,150
Land Division Permits	800		800
Special Use Permits	-		-
Refuse collection assessments	-	22,214	22,214
Zoning Permits	850		850
Other	3,561		3,561
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	213,442	176,469	389,911
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Legislative	6,086		6,086
General Government	57,910		57,910
Public Safety	26,739		26,739
Public Works	100,465		100,465
Road Construction	-	55,155	
Refuse Collection Operations	-	51,136	
Recreation & Culture	500		500
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	191,700	106,291	191,700
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,742	70,178	198,211
	<hr/>	<hr/>	<hr/>
FUND BALANCE - APRIL 1, 2003	291,383	55,085	264,364
	<hr/>	<hr/>	<hr/>
FUND BALANCE - MARCH 31, 2004	\$ 313,125	\$ 125,263	\$ 462,575
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Property Taxes	\$ 46,782	\$ 49,899	\$ 3,117
State Revenue Sharing	137,000	144,763	7,763
Cemetery Revenue	3,500	4,650	1,150
Interest	3,900	4,769	869
Fire Refunds	5,000	4,150	(850)
Land Division Permits	1,000	800	(200)
Special Use Permits	400	-	(400)
Zoning Permits	1,000	850	(150)
Refuse collection assessments			-
Taxes			-
Other	700	3,561	2,861
TOTAL REVENUES	199,282	213,442	14,160
EXPENDITURES:			
Legislative	7,130	6,086	1,044
General Government	72,696	57,910	14,786
Public Safety	26,230	26,739	(509)
Public Works	221,750	100,465	121,285
Road Construction			-
Refuse collection operations			-
Recreation & Culture	500	500	-
TOTAL EXPENDITURES	328,306	191,700	136,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(129,024)	21,742	150,766
FUND BALANCE - APRIL 1, 2003	291,383	291,383	-
FUND BALANCE - MARCH 31, 2004	\$ 162,359	\$ 313,125	150,766

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUND TYPES		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
		\$ -
		-
		-
225	267	(42)
		-
		-
		-
33,060	22,214	10,846
145,939	153,988	(8,049)
		-
179,224	176,469	2,755
		-
		-
		-
		-
55,100	55,155	(55)
54,100	51,136	2,964
		-
109,200	106,291	2,909
		-
70,024	70,178	(154)
55,085	55,085	-
\$ 125,109	\$ 125,263	\$ (154)

TOTAL (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 46,782	\$ 49,899	\$ 3,117
137,000	144,763	7,763
3,500	4,650	1,150
4,125	5,036	911
5,000	4,150	(850)
1,000	800	(200)
400	-	(400)
1,000	850	(150)
33,060	22,214	(10,846)
145,939	153,988	8,049
700	3,561	2,861
377,806	386,350	8,544
		-
7,130	6,086	1,044
72,696	57,910	14,786
26,230	26,739	(509)
221,750	100,465	121,285
55,100	55,155	(55)
54,100	51,136	2,964
500	500	-
437,506	297,991	139,515
		-
377,306	385,850	8,544
346,468	346,468	-
\$ 377,806	\$ 386,350	\$ 8,544

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Wells, Tuscola County, Michigan covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 1,500 residents in many areas including public works, public safety, community enrichment and development and human services.

The financial statements of the Township of Wells have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The U.S. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Wells contain all the funds and account groups controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

B. FUND ACCOUNTING:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

GOVERNMENTAL FUNDS - are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other funds.

PROPRIETARY FUNDS - are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise fund) or to other departments or agencies primarily within the government (internal service fund).

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

B. FUND ACCOUNTING, (Continued):

FIDUCIARY FUNDS - are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

ACCOUNT GROUPS - are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

C. BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increase (i.e. revenues and other financing sources) and decrease (i.e. expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

E. CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at fair market value.

State statutes authorized the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government of federal agency obligation repurchase agreements, bankers' acceptance of U.S. banks, and mutual funds composed of investments as outlined above.

F. RECEIVABLES:

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

G. FIXED ASSETS:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

G. FIXED ASSETS, (Continued):

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed assets account group.

H. FUND EQUITY:

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

I. INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year which includes the December 1 levy date. The Township levied a general millage of 1.2577 mills and a special road millage of 1.9636. In addition, the Township collected the State Education Tax which was levied July 1st and due September 15th.

The Township participates in the Tuscola County Delinquent Tax Fund, which purchases all of the uncollected property tax of the Township each year. The Township receives settlement with the County for all uncollected taxes. On this basis, the full amount of the taxes levied is accrued as income in the year levied.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 3 – INVESTMENT IN GENERAL FIXED ASSETS:

The general fixed assets of the Township consist of the following:

	BALANCE APRIL 1, 2003	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE MARCH 31, 2004
Land	\$10,000			\$10,000
Building	5,629			5,629
Equipment	<u>63,306</u>	<u> </u>	<u> </u>	<u>63,306</u>
Total	\$78,935	NONE	NONE	\$78,935

NOTE 4 – DEPOSITS AND INVESTMENTS:

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was \$402,924 and the bank balance was \$402,924, \$200,000 of which was covered by federal depository insurance. Michigan law does not require collateralization of government deposits. All of the Township's funds, in accordance with Michigan Compiled Laws, Section 129.91, were invested in local banks.

INVESTMENTS:

State statutes and Township policy authorize the Township to invest in obligations of the United States, or agencies and instrumentalities of the U.S. commercial paper rated at the time of purchase within the top two classifications by at least two of the four rating agencies, certificates of deposits, repurchase agreements, banker's acceptance, and mutual funds.

The Township investments are categorized below to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Township's name. The Township held no Category 2 or 3 investments at March 31, 2004.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2004 are composed of the following:

	CASH AND CASH EQUIVALENTS	RESTRICTED ASSETS
General Fund:		
Deposits	\$113,721	\$148,744
Other Funds:		
Deposits	<u>140,459</u>	<u> </u>
	\$254,180	\$148,744

TOWNSHIP OF WELLS, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 5 – EMPLOYEE BENEFITS:

The Township pays no employee benefits.

NOTE 6 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. For insured programs, there have been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to December 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to February 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 8 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2004 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Special Revenue Funds	\$ 79,342	
General Fund	50,660	
Current Tax Collection Fund	-	\$130,002
TOTAL	\$130,002	\$130,002

SUPPLEMENTAL DATA

TOWNSHIP OF WELLS, TUSCOLA COUNTY
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
Taxes:			
Current Property Taxes and Fees	46,782	49,899	3,117
Delinquent Taxes and Fees	-	-	-
Total Taxes	<u>46,782</u>	<u>49,899</u>	<u>3,117</u>
Intergovernmental Revenues:			
State Revenue Sharing	<u>137,000</u>	<u>144,763</u>	<u>7,763</u>
Other Revenue:			
Cemetery Revenue	3,500	4,650	1,150
Interest	3,900	4,769	869
Fire Refunds	5,000	4,150	(850)
Land Division Permits	1,000	800	(200)
Special Use Permits	400	-	(400)
Zoning Permits	1,000	850	(150)
Miscellaneous	<u>700</u>	<u>3,561</u>	<u>2,861</u>
Total other revenue	<u>15,500</u>	<u>18,780</u>	<u>3,280</u>
TOTAL REVENUES	<u><u>\$ 199,282</u></u>	<u><u>\$ 213,442</u></u>	<u><u>\$ 14,160</u></u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
Legislative:			
Township Board	<u>\$ 7,130</u>	<u>\$ 6,086</u>	<u>\$ 1,044</u>
General Government:			
Township Supervisor	7,362	7,115	247
Treasurer	13,325	13,564	(239)
Clerk	8,719	8,187	532
Board of Appeals	220	-	220
Board of Review	1,200	830	370
Payroll Taxes	3,000	2,949	51
Zoning Administrator	3,300	3,163	137
Cemetery Operations	8,000	7,452	548
Assessor	7,220	6,794	426
Planning Commission	5,020	403	4,617
Buildings & Grounds	7,350	6,668	682
Other General Government	<u>7,980</u>	<u>785</u>	<u>7,195</u>
Total General Government	<u>72,696</u>	<u>57,910</u>	<u>14,786</u>
Public Safety:			
Fire Protection	<u>26,230</u>	<u>26,739</u>	<u>(509)</u>
Total Public Safety	<u>26,230</u>	<u>26,739</u>	<u>(509)</u>
Public Works:			
Road Maintenance & Construction	207,750	83,409	124,341
Special Road Millage	-	-	-
Drain-at-Large	<u>14,000</u>	<u>17,056</u>	<u>(3,056)</u>
Total Public Works	<u>221,750</u>	<u>100,465</u>	<u>121,285</u>
Recreation and Culture:			
Library	<u>500</u>	<u>500</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 328,306</u>	<u>\$ 191,700</u>	<u>\$ 136,606</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
March 31, 2004

	<u>ROAD FUND</u>	<u>GARBAGE FUND</u>	<u>TOTALS MARCH 31, 2004</u>
<i>ASSETS</i>			
CURRENT ASSETS:			
Cash in bank		\$ 45,846	\$ 45,846
Road Millage Savings	\$ 75		75
Due from other funds	61,824	17,518	79,342
<i>TOTAL ASSETS</i>	<u>\$ 61,899</u>	<u>\$ 63,364</u>	<u>\$ 125,263</u>
 <i>LIABILITIES & FUND EQUITY</i>			
LIABILITIES:			
Accounts payable			
FUND BALANCE:			
Undesignated	\$ 61,899	\$ 63,364	\$ 125,263
<i>TOTAL LIABILITIES & FUND EQUITY</i>	<u>\$ 61,899</u>	<u>\$ 63,364</u>	<u>\$ 125,263</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

	<u>ROAD FUND</u>	<u>GARBAGE FUND</u>	<u>TOTALS MARCH 31, 2004</u>
REVENUES:			
Taxes	\$ 61,824	\$ 92,164	\$ 153,988
Interest	145	122	267
Refuse collection assessments		22,214	22,214
	<u>61,969</u>	<u>114,500</u>	<u>176,469</u>
TOTAL REVENUES			
EXPENDITURES:			
Road construction	55,155		55,155
Refuse collection operations		51,136	51,136
	<u>55,155</u>	<u>51,136</u>	<u>106,291</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,814</u>	<u>63,364</u>	<u>70,178</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers - in		-	-
EXCESS OF REVENUES & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>6,814</u>	<u>63,364</u>	<u>70,178</u>
FUND BALANCE - APRIL 1, 2003	<u>55,085</u>	<u>-</u>	<u>55,085</u>
FUND BALANCE - MARCH 31, 2004	<u>\$ 61,899</u>	<u>\$ 63,364</u>	<u>\$ 125,263</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Taxes - current	\$ 145,939	\$ 61,824	\$ (84,115)
Taxes - delinquent			-
Interest	100	145	45
TOTAL REVENUES	<u>146,039</u>	<u>61,969</u>	<u>(84,070)</u>
EXPENDITURES:			
Road construction	<u>55,100</u>	<u>55,155</u>	<u>(55)</u>
TOTAL EXPENDITURES	<u>55,100</u>	<u>55,155</u>	<u>(55)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>90,939</u>	<u>6,814</u>	<u>(84,015)</u>
FUND BALANCE - APRIL 1, 2003	<u>55,085</u>	<u>55,085</u>	-
FUND BALANCE - MARCH 31, 2004	<u>\$ 146,024</u>	<u>\$ 61,899</u>	<u>\$ (84,015)</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
REFUSE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Current Property Taxes and Fees	\$ 91,000	\$ 92,164	\$ 1,164
Special assessments	33,060	22,214	(10,846)
Interest	125	122	(3)
	<u>124,185</u>	<u>114,500</u>	<u>(9,685)</u>
TOTAL REVENUES			
	<u>124,185</u>	<u>114,500</u>	<u>(9,685)</u>
EXPENDITURES:			
Office supplies	225	192	33
Postage	800	797	3
Contractor	51,775	48,866	2,909
Attorney	575	572	3
Refunds	525	523	2
Printing and Publishing	200	186	14
	<u>54,100</u>	<u>51,136</u>	<u>2,964</u>
TOTAL EXPENDITURES			
	<u>54,100</u>	<u>51,136</u>	<u>2,964</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>70,085</u>	<u>63,364</u>	<u>(6,721)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers - in			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>70,085</u>	<u>63,364</u>	<u>(6,721)</u>
FUND BALANCE - APRIL 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2004	<u>\$ 70,085</u>	<u>\$ 63,364</u>	<u>\$ (6,721)</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
CURRENT TAX COLLECTION FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE APRIL 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2004
<i>ASSETS</i>				
Cash in Bank-Savings	\$ 90,686	\$ 895,398	\$ 891,566	\$ 94,518
Cash in Bank-Checking	146		51	95
Taxes Receivable-Winter	11,879	125,343		137,222
Taxes Receivable-Summer	-	10,167		10,167
<i>TOTAL ASSETS</i>	<u>\$ 102,711</u>	<u>\$ 1,030,908</u>	<u>\$ 891,617</u>	<u>\$ 242,002</u>
<i>LIABILITIES</i>				
Due to General Fund	\$ 47,772	\$ 47,772	\$ 50,660	\$ 50,660
Due to Garbage Fund	-	73,258	90,776	17,518
Due to Road Fund	54,939	54,939	61,824	61,824
Due to other taxing units	-	715,648	827,648	112,000
<i>TOTAL LIABILITIES</i>	<u>\$ 102,711</u>	<u>\$ 891,617</u>	<u>\$ 1,030,908</u>	<u>\$ 242,002</u>

See the accompanying notes.

TOWNSHIP OF WELLS, TUSCOLA COUNTY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
GENERAL FIXED ASSET ACCOUNT GROUP
March 31, 2004

	<u>BALANCE APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2004</u>
Land and Buildings:				
Land	\$ 10,000			\$ 10,000
Building	5,629			5,629
Machinery and Equipment	63,306			63,306
TOTAL	<u><u>\$ 78,935</u></u>	<u><u>NONE</u></u>	<u><u>NONE</u></u>	<u><u>\$ 78,935</u></u>

See the accompanying notes.